

Lake Don Pedro Community Services District

Regular Meeting of April 19, 2016

AGENDA SUPPORTING DATA

5. DISCUSSION AND ACTION ITEMS:

- g. Discussion/Action regarding the establishment of District priorities to be used in the development of a capital improvement/capital replacement plan for District assets

Background

This item was deferred from our March meeting to April. The purpose of this agenda item is to begin the discussion of Board priorities for the use of our very limited cash, on capital improvements such as replacement pumps, pipes, valves, treatment plant improvements, etc. The District has many tens of millions of dollars in infrastructure assets and the funding available for their replacement is limited, and always will be. Priorities must be established so that annual funding can be allocated to the right projects.

For example, in years past, we have been able to allocate up to \$250,000 annually for replacement and improvement of capital assets. Over a ten year period at that investment rate, we will have spent \$2.5 million on capital projects. In reality if we addressed replacement projects with priorities set on a year to year basis without thinking about priorities and what items will be needed in which year, what will break, what state regulations will require, within that 10 year period we could likely have spent double or more what we had intended. Setting priorities based on solid engineering data and needs assessments makes your annual capital costs much more predictable.

Board priorities are set on a functional basis, and staff including operations and your /district engineer will identify the projects that meet those needs. Priorities are not set on a project by project basis. We request that the Board have a discussion at this meeting to direct staff with their collective priorities on the following:

1. Continuous water Supply
2. Water system reliability including redundancy during system breakdowns
3. Water system cost efficiency such as investing in projects that reduce long term costs
4. Water quality/water safety

Recommended Motion

No action is required at this time, and staff recommends a separate Board or committee meeting to further discuss project priorities.